

**Return on Investment Program Funding Application (FY 2003 Request)**

This is an electronic template. Please enter your responses on this document. Only electronic submittals of this template will be accepted. Proposals submitted after the designated due date may not receive funding consideration.

FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform a final project outcome audit, after implementation, for all Pooled Technology funded projects.

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N**SECTION I: PROPOSAL**Date: 7/12/01Agency Name: Information Technology DepartmentProject Name: LicensingExpenditure Name: LicensingAgency Manager: Ken AdrianAgency Manager Phone Number / E-mail: 515-725-0367 ken.adrian@itd.state.ia.usExecutive Sponsor (Agency Director or Designee): Richard J. Varn**Request For ROI Application Waiver:**

Agencies are required to complete this funding application when requesting funds for any project, any IT expenditure costing over \$100,000, or any non-routine IT expenditure. If you feel there is compelling reason to waive this requirement, please provide (in the box provided below) a brief description of the project or expenditure, the budget amount, and a rationale for the waiver request. Until a decision is made regarding your waiver request, it is not necessary to complete any other portion of this application. The ITD Enterprise Quality Assurance Office will convey waiver request decisions within five working days of receipt.

Explanation:

A. Project or Expenditure Rationale

Is this project or expenditure necessary for compliance with a Federal standard, initiative, or statute? ☐ YES (If "YES," explain) ☒ NO

Explanation:

Is this project or expenditure required by State statute? ☒ YES (If "YES," explain) ☐ NO

Explanation: The project helps satisfy the requirement for 100% E by 2003.

Does this project or expenditure meet a health, safety or security requirement?

☐ YES (If "YES," explain) ☒ NO

Explanation:

Is this project or expenditure necessary for compliance with an enterprise technology standard?

☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: The web enabled licensing system (WELS) has been identified as the standard platform for on-line licensing activity for the state.

Is this project or expenditure consistent with meeting the goals and objectives of the State's strategic plans?

☒ **YES** (If "YES," explain) ☐ **NO**

Explanation:

The goals of accountable government are met through the following:

- Enhanced government access
 - citizen and business access to essential government transactions 24x7 when it is convenient for them
- Better data driven decisions without invasion of privacy
 - Controlled interaction of data elements between applications based on ITD standards
- Improved security and privacy of electronic transactions
 - One point of audit for security and compliance with ITD standards for electronic licensing.

Is this a "research and development" project or expenditure? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

B. Project or Expenditure Summary

1. Provide a pre-project or pre-expenditure (before implementation) and a post-project or post-expenditure (after implementation) description of the impacted system or process. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

Response:

Pre-Project

Currently the WELS (web enabled licensing system) model is supporting several on-line renewals (Realtors, Accountants, Architects, Landscape Architects, Nurses, Physicians), and is bringing Nursing on with complete end-to-end licensing capability.

Post Project

The funding will extend the WELS project in capability and membership. Adding agencies to the system to ensure the consistency in licensing and adherence to standards that WELS was originally created to maintain.

Candidate agencies identified are:

Public Safety - Cyber Licenses

IWD - Amusement Permits

Public Health - Online Renewals

Inspections and Appeals - charitable gambling, health care facilities, food service and lodging

These have been identified through the 100% E process and reflect a subset of the possible licenses, plus those not completed in FY '02.

2. Summarize the extent to which the project or expenditure improves customer service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

Response:

WELS offers the following benefits:

- 24x7 access for licensing activities and renewals
- State owned architecture and reusable components
- Consistent licensing deployment method will decrease development time
- Streamlined office processes for participants
- Adherence to ITD IT standards

3. Identify the main project or expenditure stakeholders and summarize the extent to which each, especially citizens, is impacted. In particular, note if the project or expenditure helps reconnect Iowans to State government.

Response:

Stakeholders:

- ITD - creation and maintenance of system
- State Agencies- responsible for guiding business practices of system; use of system
- Citizens - use of system for licensing activities
- Businesses - use of system for licensing activities
- Organizations - use of system for licensing activities

SECTION II: PROJECT ADMINISTRATION

A. Agency Information

1. Project Executive Sponsor Responsibilities: The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

Response: No response required.

2. Organization Skills:

- a. List the project management skills necessary for successful project implementation
- b. List the project management skills available within the agency
- c. List the source(s) of project management skills lacking within the agency
- d. Summarize relevant agency project management experience and results

Response:

- a.
 - Enterprise project management experience
 - Knowledge of licensing activity
- b.
 - ITD project manager
- c.
 - N/A
- d.
 - WELS project management
 - -- \$1.2 million budget
 - -- -- Realtor renewals
 - -- -- Engineer Renewals
 - -- -- Accountant Renewals
 - -- -- Architect Renewals
 - -- -- Landscape Architect Renewals
 - -- -- BON WELS full on-line licensing implementation
 - -- -- Payment Engine implementation

B. Project Information

1. History:

- a. Is this project the first part of a future, larger project? If so, please explain.
- b. Is this project a continuation of a previously begun project? If so, please explain project history, current status, and results.

Response:

- a. The project fits in with the overall 100% E project.
- b. This is the first part of a project to create a reusable infrastructure for licensing programming modules. The project has created several on-line renewals, outlined above, and is completing an end-to-end licensing system for Board of Nursing that will be reusable.

2. Expectations: Describe the primary purpose or reason for the project.

Response:

To create a method for implementing licensing in the State of Iowa that will facilitate re-use of standards based architecture creating economies in development of such applications.

3. Measures: Describe the criteria that will be used to determine if the project is successful.

Response:

Criteria:

- Agencies can successfully utilize the architecture to create on-line renewal and applications
- The on-going cost of implementing such applications decreases as enterprise experience is gained

4. Environment: List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, etc.).

Response: Multiple agencies and constituent groups based upon the licenses offered.

5. Risk: Describe the project risks which may be internal or external to State government, i.e. implementing versus not implementing project, changing technology, potential cost overruns, changing citizen demand or need, etc.

Response:

Implementation:

Ability for ITD infrastructure to scale to capacity

Not Implementing:

Continuation of disparate systems

Inability of some agencies to implement online licensing

6. Security / Data Integrity / Data Accuracy / Information Privacy
 - a. List the security requirements of the project
 - b. Describe how the security requirements will be integrated into the project and tested
 - c. Describe what measures will be taken to insure data integrity, data accuracy and information privacy.

Response:

The security requirements have been fulfilled during the first phase and security personnel will review future work plans.

7. Project Schedule
Describe general time lines, resources, tasks, checkpoints, deliverables, responsible parties, etc.

Response: Different for each project.

SECTION III: TECHNOLOGY (In written detail, describe the following)**A. Current Technology Environment**1. Software (Client Side / Server Side / Midrange / Mainframe):

- a. Application software
- b. Operating system software
- c. Major interfaces to other systems, both internal and external

Response: N/A

2. Hardware (Client Side / Server Side / Mid-range / Mainframe):

- a. Platform, operating system
- b. Storage and physical environment
- c. Connectivity and bandwidth
- d. Logical and physical connectivity
- e. Major interfaces to other systems, both internal and external

Response: N/A

B. Proposed Technology Environment1. Software (Client Side / Server side / Mid-range / Mainframe)

- a. Application software
- b. Operating system software
- c. Major interfaces to other systems, both internal and external
- d. General parameters if specific parameters are unknown or to be determined

Response:

- a.
Netscape or Internet Explorer 4.0 or above
- b.
Windows 95/98/2000
- c.
Depending upon license dependencies are as follows
IVR
SING
Mainframe legacy apps
Payment Engine

2. Hardware (Client Side / Server Side / Mid-range / Mainframe)

- a. Platform, operating system
- b. Storage and physical environment
- c. Connectivity and Bandwidth
- d. Logical and physical connectivity
- e. Major interfaces to other systems, both internal and external
- f. General parameters if specific parameters are unknown or to be determined

Response:

- a.
AIX, WebSphere, DB2
- b.
Determined based upon application
- c.
Determined based upon application
- d.
Depending upon license dependencies are as follows
IVR
SING
Mainframe legacy apps
Payment Engine
- e.
N/A

C. Data Elements

If the project creates a new database, provide a description of the data elements.

Response: N/A listed in data model for WELS project on file

SECTION IV: Financial Analysis

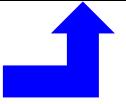
A. Budget: Enter figures and calculate (see formula below) Total Annual Prorated Cost (State Share).

$$\left[\left(\frac{\text{Budget Amount}}{\text{Useful Life}} \right) \times \% \text{ State Share} \right] + (\text{Annual Ongoing Cost} \times \% \text{ State Share}) = \text{Annual Prorated Cost}$$

Budget Line Items	Budget Amount (1 st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1 st Year)	% State Share	Annual Prorated Cost
Agency Staff	\$	1	%	\$	%	\$
Software	\$	4	%	\$	%	\$
Hardware	\$	3	%	\$	%	\$
Training	\$	4	%	\$	%	\$

Facilities	\$	1	%	\$	%	\$
Professional Services	\$1000000	4	100%	\$	%	\$250000
ITD Services	\$	4	%	\$75,000	100%	\$75,000
Supplies, Maint, etc.	\$	1	%	\$	%	\$
Other (Specify)	\$	1	%	\$	%	\$
Totals	\$1000000	-----	-----	\$75,000	-----	\$325,000

Transfer this amount to the ROI Financial Worksheet, item "D" on page 13.



B. Funding: Enter data or provide response as requested

1. This is (pick one): ☒ A Pooled Technology Fund or Reengineering Fund Request
☐ An Agency IT Expenditure or Budget Request (General Fund, Road Funds, etc)
☐ Other – Specify:

2. On a fiscal year basis, enter the estimated cost by funding source?

	FY03		FY04		FY05	
	Cost (\$)	% Total Cost	Cost (\$)	% Total Cost	Cost (\$)	% Total Cost
State General Fund	\$	%	\$	%	\$	%
Pooled Tech. Fund	\$1000000	100%	\$	%	\$	%
Federal Funds	\$	%	\$	%	\$	%
Local Gov. Funds	\$	%	\$	%	\$	%
Grant or Private Funds	\$	%	\$	%	\$	%
Other Funds (Specify)	\$	%	\$	%	\$	%
Total Project Cost	\$1000000	100%	\$	%	\$	%

If applicable, summarize prior fiscal year funding experience for the project / expenditure.

Response:

FY'01

1.2 Million Total
-- License Analysis 50,000
-- Realtors 58,000
-- Professional Licensing 775,000
-- BLIC + Credit Card Renewal 25,000
-- CPA Renewal 32,000
-- Hunting and Fishing 150,000
-- Architects 35,000
-- Medical Examiners 50,000
-- Other Analysis 25,000

1. On a fiscal year basis, how much of the total (\$ amount and %) project / expenditure cost would be absorbed by your agency from normal operating budgets (all funding sources)?

Response: 0%

2. Identify, list, and quantify all new annual ongoing (maintenance, staffing, etc.) related costs (State \$s) that will be incurred after implementation or expenditure.

Response: \$75,000 = Ongoing maintenance costs.

C. ROI Financial Worksheet: Respond to the following and transfer data to the ROI Financial

Worksheet (see IVC11) as necessary:

1. Annual Pre-Project Cost – Quantify all actual state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation.

Response: From previous licensing activity we have seen a decrease of 70% in the cost of licensing development from the reusable nature and the institutional knowledge ITD has gained in implementing licenses. Therefore it can be assumed that if the enterprise were to perform all of the projects that we can get for \$1,000,000 on its own, the cost would be approximately \$3.5 million.

2. Annual Post-Project Cost – Quantify all estimated State government direct and indirect costs associated with activity, system or process after project implementation. This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: \$1,000,000, see response to #1 above.

3. State Government Benefit -- Subtract the total “Annual Post-Project Cost” from the total “Annual Pre-Project Cost.” This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: \$2.5 million

4. Citizen Benefit – Quantify the estimated annual value of the project to Iowa citizens. This includes the “hard cost” value of avoiding expenses (“hidden taxes”) related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a “rule of thumb,” use a value of \$10 per hour for citizen time savings and \$.325 per mile for travel cost savings.

Response: The benefits here are not readily quantifiable

5. Opportunity Value/Risk or Loss Avoidance Benefit – Quantify the estimated annual non-operations benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Response: N/A

6. Total Annual Project Benefit -- Add the values of all annual benefit categories.

Response: \$2.5 million

7. Total Annual Prorated Cost – It is necessary to estimate and assign a useful life figure to each cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all new annual ongoing costs that are project related. Completing Section IV-A, Project Budget of the evaluation document will provide all the necessary information for this item.

Response: \$325,000

8. Benefit / Cost Ratio_– Divide the “Total Annual Project Benefit” by the “Total Annual Project Cost.” If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

Response: $\$2,500,000 / \$325,000 = 7.7$

9. ROI -- Subtract the “Total Annual Project Cost” from the “Total Annual Project Benefit” and divide by the amount of the requested State IT project funds.

Response: $(\$2,500,000 - \$325,000) / \$1,000,000 = 218\%$

10. Benefits Not Readily Quantifiable -- List the project benefits which are not readily quantifiable (i.e. IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.). Rate the importance of these benefits on a “1 – 10” basis, with “10” being of highest importance. Check the “Benefits Not Readily Quantifiable” box in the applicable row.

Response:

- Decreased time in receiving license, decreased time having to wait to work (10)
- Decreased time in filling out and having applications returned with errors(8)
- Decreased help desk with online help (7)

11. ROI Financial Worksheet	
Annual Pre-Project Cost - How You Perform The Function(s) Now	
FTE Cost (salary plus benefits):	\$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	\$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	\$3500000
A. Total Annual Pre-Project Cost:	\$3500000
Annual Post-Project Cost – How You Propose to Perform the Function(s)	
FTE Cost:	\$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	\$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	\$
B. Total Annual Post-Project Cost:	\$1000000
State Government Benefit (= A-B):	\$2500000
Annual Benefit Summary	
State Government Benefit:	\$2500000
Citizen Benefit:	\$
Opportunity Value or Risk/Loss Avoidance Benefit:	\$
C. Total Annual Project Benefit:	\$2500000
D. Annual Prorated Cost (SECTION IV-A):	\$325,000
Benefit / Cost Ratio: (C / D) =	7.7
Return On Investment (ROI): (C – D) / Requested Project Funds) x 100 =	218%
<input checked="" type="checkbox"/> Benefits Not Readily Quantifiable	

Section V: ITC Project Evaluation Criteria

Criteria and Location in Project Evaluation Document		Points
1.	Is the project a statutory requirement; legal requirement; federal or state mandate; health, safety or security requirement or issue; and/or required for compliance with the enterprise technology standards? Location: Section I-A	15
2.	Will the project improve customer service? Location: Section I-B.2	15
3.	Does the project have a direct impact on citizens? To what extent does the project help reconnect state government with lowans? Location: Section I-B.3	10
4.	Does the project provide a sufficient tangible and/or intangible return on investment? Will it generate savings or income? Location: Section IV-C	10
5.	Does the project make use of information technology and its practical application in reengineering traditional government processes consistent with the goals and objectives of the state's strategic plans? Location: Section I-B.1	10
6.	Risk: What are the risks associated with the project? Such risks may include those internal and external to state government, the risk of doing a project, the risk of not doing a project, and the risks associated with changing technologies, potential cost overruns, and changing citizen demands and needs. Location: Section II-B.5	10
7.	Is this funding required to continue a project that was begun prior to the year funding is being requested for and does it have proven past performance? Is the funding part of a multi-year strategy? Location: Section II-B1, IVB2	10
8.	Will the project be for only one agency, multiple agencies, or the state government enterprise? Location: Section I-B3, IIB4	10
9.	Has the applicant maximized their own and other resources in the project? Is alternative funding unavailable for this project? (If no other funding available, project will not be completed without Pooled Technology funding) Location: Section IV-B.2, IV-B.3	5
10.	What is the credibility of the requester based on past performance on other projects? Location: Section II-A.2.d	5
Total		100